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SUBJECT: CHINA/G-20: MFA DISCUSSES LONDON SUMMIT OBJECTIVES

REF: STATE 17502

¶1. (SBU) SUMMARY. Chinese Ministry of Foreign Affairs (MFA) officials stated that, given worsening conditions, the Chinese desire a results-oriented G-20 London Summit. China perceived London pushing three themes for the summit: fighting protectionism, promoting employment and green recovery. MFA endorsed anti-protectionism and employment promotion, but said green recovery would be better addressed in other fora. The Chinese hope the summit will avoid assigning blame for the global economic crisis. China believes that major reserve-currency countries, including the United States, should work to stabilize currencies. END SUMMARY.

¶2. (SBU) EconMinCouns met with MFA International Department Deputy Director General Li Junhua on February 27 to discuss preparations for the G20 London Summit. DDG Li said the Chinese desire an "action-based and outcome-oriented" summit, since the global economic crisis has worsened since December and the international community has higher expectations for action. Li said London has proposed enhancing macroeconomic coordination and international financial system reform, including reform of international financial institutions. China generally agrees with these proposals, but noted the U.K. hosts have also identified three important sub-themes for the summit: fighting protectionism, promoting employment and green recovery.

Supporting Anti-Protectionism, Promoting Employment  
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¶3. (SBU) China strongly desires world leaders use the summit to reaffirm their commitment to refrain from protectionist measures, as they promised to do at the December summit. DDG Li said that various Asia-Pacific region and WTO member countries have expressed alarm at recent protectionist actions and rhetoric, and hope that world leaders will take the opportunity to send a stronger message this time.

¶4. (SBU) China also supports international coordination to support employment. Measures will certainly differ by country, as they should, but each state representative should at least commit to action, which will help restore public confidence in the G-20 economies. DDG Li noted employment will be a subject of "heated debate" at the National People's Congress from March 5.

Questioning Green Recovery, Opposing Finger Pointing  
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¶5. (SBU) China will approach the green recovery or green growth initiatives of the U.K. hosts with an open mind, but believes that a wide range of international fora already exist to address this topic, including the upcoming Copenhagen Conference to discuss climate change. The Chinese fear that expanding the G-20 to include such a broad topic could limit world leaders ability to deliver convincing outcomes in other areas. They also feared turning the G-20 into a negotiating forum for climate change issues.

¶6. (SBU) China hopes the summit will avoid finger pointing for the cause of the international economic crisis. Li stated that in the past some had implied China shared responsibility for the crisis. DDG Li said there is no need to reopen such issues at the London Summit, but rather the world will look to leaders to take positive action which restores confidence.

#### Stable Currencies, FSF Membership

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¶7. (SBU) Commenting on a recent Reuters article regarding the responsibility of the reserve currency countries to developing nations. Li said the four major reserve currency countries -- the U.S., U.K., E.U. and Japan -- should bear primary responsibility for maintaining currency stability, since this will make the return to financial stability easier. Li noted that as the largest holder of foreign currency reserves in the world, China hopes the "Big Four" will do their part. DDG Li also noted that China wants an expanded Financial Stability Forum (FSF).

BEIJING 00000558 002 OF 002

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